Parking Organization & Management Analysis

August 2003

Prepared for:

City of Long Beach

Redevelopment Bureau Manager

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Long Beach, California 90802

Prepared by:

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In association with:

The International Downtown Association

Washington, DC

Carl Walker

Parking

Planning   Engineering   Restoration

International Downtown
Association

Executive Summary

Introduction

Over the past decade, Long Beach has sought to capitalize on its beautiful waterfront, historic downtown, and its prominence as California's fifth largest city. With the resurgence of the downtown area, parking has become increasingly problematic. As the parking system within the City has evolved over time, management has been spread over several departments functioning without the synergy that a centralized and unified parking management system could bring.

The City currently manages six garages and eight surface lots totaling 6,816 off-street spaces downtown, as well as local on-street parking. Four separate City departments manage these parking facilities, with day-to-day management contracted to two private companies.

The purpose of this Parking Organization and Management Analysis is to review and evaluate the existing parking organization and management structure. This study will provide a "blueprint" for parking reorganization and management. As part of the Scope of Services, *Carl Walker, Inc.* conducted a focused study of parking administration, management processes, organization and the use of technology.

Parking Organizational Analysis

The IDA Advisory Panel process was employed specifically to assess the current organizational structure and evaluate potential organizational alternatives. David Feehan, President of the International Downtown Association, served as the panel team leader. Other team members included:

- Dennis Burns – Director, Studies and Operations Consulting, *Carl Walker, Inc.*

- Lee Bourque – Senior Planner, *Carl Walker, Inc.*

- Sharron Daniels – Special Projects Officer, City of Long Beach

- Randy Hensley – Transportation Planning and Parking Manager, City of Fort Collins

- Clayton Johnston – President, Downtown Toledo Parking Authority

- Rod Keeling – Executive Director, Downtown Tempe Community, Inc.

The IDA panel process included four days on site in the City of Long Beach. On the first day, the panel team interviewed City staff and core constituents. The team was also given a tour of Long Beach, including downtown, neighborhood shopping areas, and the local beaches. Days two and three included interviews with stakeholders and City staff, as well as internal working sessions where the panel discussed organizational concepts and assimilated the information

received. On day four, the panel provided a presentation of the preliminary findings to City staff.

The City of Long Beach, realizing that the downtown and citywide parking situation is becoming increasingly complex, is seeking to consolidate the parking system into a more efficient, effective, and customer-friendly system. The advisory panel was commissioned to address this issue.

The findings of the panel indicate that, because the City of Long Beach has had success in stimulating and encouraging downtown and neighborhood business district development, parking problems have resulted. Long Beach can take great pride in being a "turn-around" city because of new waterfront attractions, office towers downtown, the dining and entertainment district, increased retail development, and new market-rate housing. The community has a grand vision, and will need to build a strong and broad consensus around this vision.

One of the issues addressed by the IDA Advisory Panel was to determine the effectiveness of the current parking management organization in terms of customer service. From the review of materials and data submitted by the City, as well as through interviews with local public and private officials, the Panel concluded that the existing system is fragmented and inefficient. The individuals tasked with parking management were found to be competent and performing their duties adequately, however, within an awkward and disconnected organizational structure.

There are also problems due to the lack of common "rules of operation", since several city departments operate the parking system. There are significant

inconsistencies between the various departments with regard to operational polices. While the City sets the parking rates throughout the system, there is confusion among customers, which results in them choosing a particular parking spot only because of their familiarity with the structure and not the proximity to their desired location. This is also a result of positive or negative experiences they might have had at one facility as opposed to another.

Another fact that complicates the situation is that a consolidated financial statement is not available for all City operated parking. Without consolidated budget and financial data, the City Manager and other elected officials cannot make the best decisions possible concerning the parking system.

The ultimate recommendation of the IDA Advisory Panel is to unify the parking system with the creation of a new Public Parking Authority, which would be governed by a Board of Directors chosen from top-level public and private sector leaders. The manager of the new Public Parking Authority will have authority and responsibility over all public-owned parking in the City of Long Beach.

Prior to the creation of a Public Parking Authority, the City must determine what the goals and objectives of the parking system should be. In order to provide a framework within which to create parking system objectives, the panel established a set of Guiding Principles covering seven primary areas. These are:

- Vision – Create a prioritized Downtown/City vision that can be supported by both public and private parking, and encourages parking system elements that contribute to and support the vision.

- Planning – The parking system must be involved in future planning processes, and stakeholder input is essential. Involving the parking system in the planning process will help ensure future parking needs are adequately prioritized and addressed.

- Organization/Structure – An accountable and centralized organizational structure will be able to address system-wide challenges, and stay focused on achieving the parking system vision.

- Customer Service – Create consistently high quality, customer focused service. Consistency, safety, accessibility, communications and wayfinding are initial priorities.

- Management/Technology – The system should encourage the effective use of available technologies to improve efficiency and customer service.

- Finances – Using generally accepted accounting practices, the system should create a unified financial system. Parking rates should be set to encourage parking and provide a stable parking system.

- Promotion and Marketing – The parking system should establish a positive parking identity, based on market research and service definition and development.

IDA Panel Specific Recommendations

- *Should parking be combined under one entity within the City? If so, what are the options?*

The Panelists believe that the City of Long Beach should move expeditiously to create a consolidated and unified parking management system. Initially, the panel examined three primary options: (1) A consolidated city department of parking; (2) A quasi-independent parking authority; and (3) A contract with an entity outside of city government. The panel also considered a status quo model and a possible hybrid of the three primary models. After a great deal of discussion, the panel concluded that the optimum form for the City of Long Beach is a parking authority. This recommendation was arrived at through interview findings and an analysis of background materials, and will provide Long Beach with the most effective, efficient, and customer-friendly parking system.

Created by the City of Long Beach, with the consent and collaboration of private entities like DLBA and the Long Beach Area CVB, this entity would staff and manage a unified and consolidated parking system initially centered on downtown, but eventually serving the entire City of Long Beach.

The following nine criteria were used to evaluate the relative advantages and disadvantages of each model.

- Supports economic development

- Most efficient

- Most customer-friendly

- Most politically feasible

- Most focused on the vision

- Easiest to achieve

- Most responsive to business and stakeholders

- Most financially viable

- Most effective coordination.

The parking authority model scored highest in five categories (efficiency, focus on vision, responsiveness to stakeholders, financial viability, and effective coordination.) The consolidated city model was rated most politically feasible and easiest to achieve. The contract model seemed to best support economic development and provide the most customer-friendly focus.

Overall, the parking authority model scored 118 in the rankings, the consolidated city model scored 100, and the contract model scored 83. Neither the status quo model nor the hybrid model achieved a significant score.
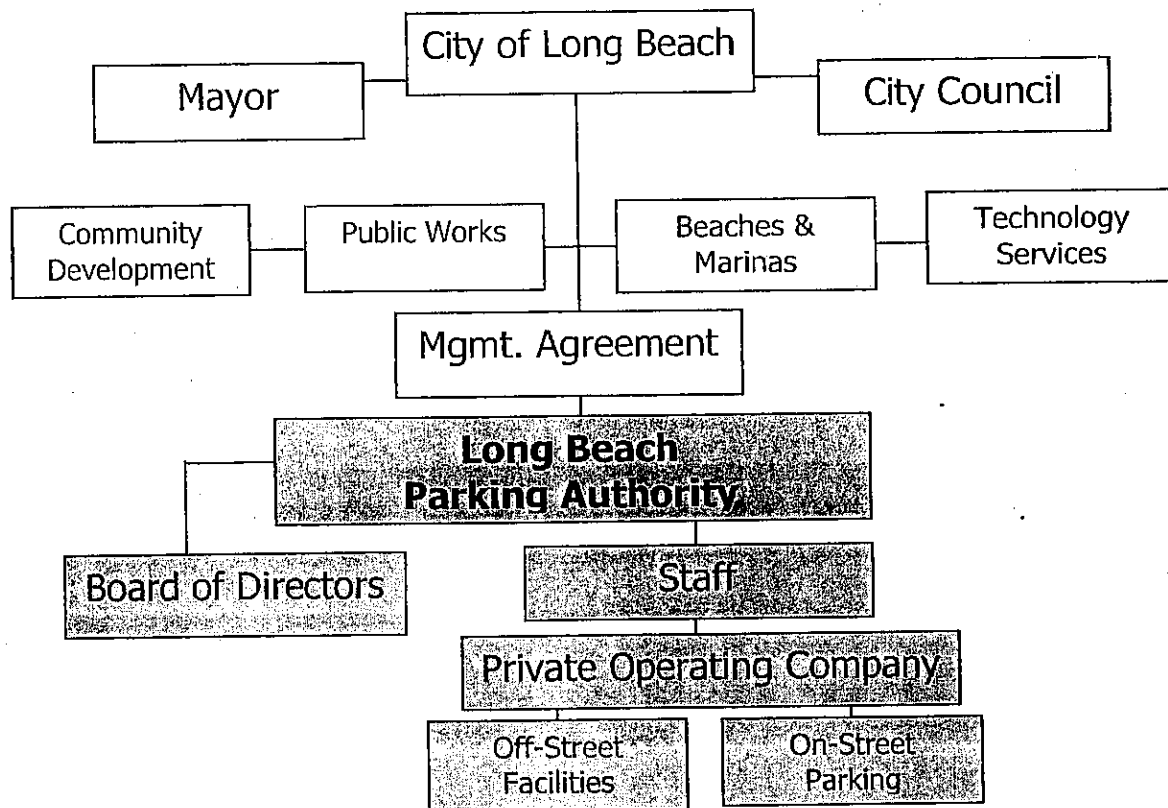
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Organizational Models					
	Status Quo	Centralized City Mgmt.	Parking Authority	Contract (DDA)	Other (Hybrid)
Supports Economic Development		12	11	13	
Most Efficient		10	17	9	
Most Customer Friendly		8	13	15	
Most Politically Feasible	6	13	8	6	3
Most Focused on Vision		13	17	6	
Easiest to Achieve	9	12	6	7	2
Most Responsive to Business & Stakeholders		8	17	11	
Most Financially Viable	3	12	13	8	
Most Effective Coordination		12	16	8	
Total:	18	100	118	83	5

The Panel also proposed an organization structure that would recognize the ownership and leadership of the City of Long Beach. The new Public Parking Authority would be contractually accountable to the City and would be governed by a board of directors that would include the Mayor, City Manager, and City Council members. The board should also include representatives from DLBA, CVB, RDA, the Convention Center, Aquarium, DDR, and neighborhoods. The size of the board of directors should be between 15 and 17 members.

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                    │   Long Beach Parking Authority │
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The panelists strongly recommend that the City move forward expeditiously to creating a Public Parking Authority. There appears to be strong support for change at this time, but unforeseen events could divert attention and energy away from a process that will take some months to accomplish.

- *What should the role be, if any, of private organizations within parking management downtown and citywide?*

Private organizations are important and have an important stake in the economic development and parking of almost every city. The panelists believe the best way to involve private organizations is through active memberships on the board

of directors of the newly created parking authority. In doing so, strategic alliances will begin to develop as a result of the active participation of these organizations on the board.

- *What type and level of staff person should manage parking operations?*

An executive level position for the independent Public Parking Authority should be created, with a compensation package and recruiting process that would attract an experienced and highly motivated candidate. The Panel believes that one of the advantages of the parking authority model is that it would allow the City to attract a different kind of person than one that would be attracted to a consolidated city department. The parking authority model is a "chief executive" model; the consolidated city model would hire someone who might not be a direct report to the City Manager.

A minimum salary of $100,000 per year was recommended, though panelists thought that, in the California market, an individual with the desired combination of attributes, experience and skills might command close to $150,000.

Panelists believe the best candidate is someone who has successfully managed a parking authority or private parking company, with experience in a municipal environment also helpful. Ideally, the new executive would have a combination of public and private sector experience, but with a high level of motivation and an entrepreneurial spirit. Having system "start-up" experience and a record of demonstrated successes were also seen as valuable assets.

- *How can parking revenues be increased, or costs decreased, through better organization and management?*

The Panel saw many opportunities for either improving revenues or reducing costs. The Panelists also thought that consolidation and unified management would lead to better revenue controls; increased use because of effective promotion, marketing, and branding; opportunities to structure and implement a more realistic validation program (which panelists thought was grossly under-priced); and better use of technology.

"Best in Class" Parking Operations

"Best in Class" characteristics can be used as a guide in the development of a new Public Parking Authority for the City of Long Beach. This approach will position the City of Long Beach as one of the top parking programs in the United States. The use of the "Best in Class" approach will also position the parking program to be a contributing factor to the continued success of the downtown area.

Parking seems to be a source of frustration and contention in every downtown system. One reason this is such an emotional issue is because it affects people directly. Parking will always create a first and last impression of your downtown either positively or negatively.

Over the course of evaluating numerous parking systems across the country, *Carl Walker* has identified twenty characteristics that reflect a well-managed parking system when combined into an integrated programmatic approach. The twenty characteristics include concepts like having a clear vision and mission,
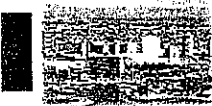
strong planning, efficient organization and management, and a strong customer focus. The ultimate goal is a system that provides professional management, understands the role it plays in contributing to the larger objectives of the downtown, and is responsive to the community to which it serves. The twenty characteristics are detailed in Section 4 of the main report.

Parking Facility Review

Carl Walker conducted an on-site review of most of the parking facilities operated and/or utilized by the City of Long Beach. The facility reviews primarily focused on general physical condition, functional design and layout, safety, cleanliness, wayfinding, lighting, and parking revenue control equipment. Overall, the City-operated parking facilities varied little in terms of appearance and maintenance. For the most part, the City parking facilities were clean and well maintained.

Some concerns noted by *Carl Walker* included: signage and wayfinding, transitional lighting at facility entrances, and overall lighting levels throughout some parking structures. The report provides a detailed listing of conditions as they were reviewed at each of the facilities.

Operations and Management Review

The operations and management review focused on five key areas: hiring practices, training, revenue control, the monthly parking program, and accounting.

Ace Parking Management is the operator for most of the City owned parking facilities in Long Beach. As previously mentioned, the current parking management organization is divided among several City departments.

Ace Parking hires, trains, and manages all field-level staff. Ace Parking also created the job descriptions for most of the administrative and non-administrative positions. Ace Parking requires all potential employees to successfully pass background checks, drug tests, and a basic math skills exam prior to employment. Ace Parking provides training to all new employees that is comparable to the training provided throughout the parking industry. This training is conducted primarily on-the-job with no significant classroom time. The Ace Parking Management Employee Handbook and the Ace Parking Cashier Manual are part of the written materials new hires have to study during training. These documents are generally not specifically customized for City of Long Beach facilities.

With respect to training practices, *Carl Walker* recommends the following:

- Creating and implementing a classroom based training program. This training, conducted by a General Manager or senior supervisor, should include formal policy, procedure and auditing training conducted in a classroom environment. Revenue control and field auditing would see an immediate benefit from classroom training for both cashiers and supervisors.

- Currently, there is no system in place to determine how much information employees retain after training. We recommend that employees be formally

reevaluated after a 120-day probationary period to determine competency and skill levels.

Overall, Ace Parking Management is following industry standards regarding revenue control procedures, including adequate verifications of change funds and deposits, daily auditing of cashier paperwork, effective use of the existing revenue control system, and the practice of surprise cashier shift audits. With respect to revenue control and auditing practices, *Carl Walker* recommends the following:

- Remove the cashier's ability to circumvent the fee computer by opening parking gates with a button located in the cashier booth (Broadway Garage).

- Ensure that when cashier breaks are provided, adequate cash control policies are followed, and a separation of cash and tickets for the regular and break attendant is maintained.

- Reduce the opportunities for the cashiers to permit vehicles to leave the parking facilities without charging a fee, or with signature only validations.

- Install non-resettable lane counters in every entrance and exit lane to determine how many vehicles enter and exit the facilities. This will provide added auditing capabilities, and help account for every vehicle exiting each cashier's lane (even if the cashier has the ability to circumvent the system).

- Utilize non-resettable SCAN Net system totals (transactions and revenue) in the audit process to improve operational accountability.

The City provides monthly parking at many of their facilities to City employees. Payroll deduction is used because the City deals directly with its employees. Ace Parking Management has a small number of access cards on hand, kept in a locked storage cabinet with General Manager accessibility only. With respect to the monthly parking program, *Carl Walker* recommends the following:

- Anti-passback must be enabled at all appropriate parking facilities to prevent the misuse of access cards.

- Access card audits should be conducted on a more regular basis to help ensure only properly issued cards are being used at each facility.

- A log should be kept of all destroyed cards to document "where" and "when" cards where disposed. This would also ensure that improperly issued cards are not being used.

Carl Walker also conducted a brief review of the accounting practices of Ace Parking Management. Monthly revenue and expense statements were part of this review as well. The standard monthly reporting process includes a review of all monthly revenue and expense reports and receivables with documentation provided to the City. Overall, the accounting practices observed were typical of municipal parking operations with good double verification procedures conducted by Ace Parking staff and City personnel.

Finally, *Carl Walker* reviewed the existing parking validation program used by the parking system. The discount offered through the Pine Square Validation

Program is higher than other downtown areas, and is not generating the necessary revenue to cover the true cost of providing parking downtown. This validation program should be reevaluated in an effort to establish a program that can recover an amount of revenue that more closely meets the cost of providing parking downtown.

Operations and Management Action Plans

The last section of this report includes a recommended parking operations improvement plan. This tool would be utilized by the newly created Public Parking Authority to develop both its strategic and programmatic agenda. The major categories covered are organized, and sub-categories are included with each item detailing the intended result.

The major categories of the plan are Vision/Mission, Financial Issues, Facility Upgrades, Customer Service, Technology, Marketing, Security, Operational Efficiency, and Other. These tables are provided to the City of Long Beach for use with the newly formed Public Parking Authority, in an effort to establish a priority to key areas and create a synergy within the parking management operation.

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CITY OF LONG BEACH, CALIFORNIA

Citywide Parking Audit

September 9, 2004

OFFICE OF THE CITY AUDITOR

City of Long Beach, California

Executive Summary

The body of this report contains an overview of parking operations along with 72 detailed audit issues and recommendations. Below is a brief summary of certain issues.

Financial Results

In 2003, the City derived parking revenue from 11 parking garages, 19 surface lots, and approximately 3,650 parking meters. The summary below presents a brief overview of parking revenues and expenses for fiscal year 2003, by managing entity.

	Gross Revenues	Total Expenses	Available Net (Loss) Profit
Technology Services	$ 2,777,193	$ (3,726,867)	$ (949,674)
Parks, Recreation and Marine	768,702	(410,598)	358,104
Public Works	617,283	(291,595)	325,688
Community Development	3,426,256	(3,323,892)	102,364
Redevelopment Agency	899,084	(707,330)	191,754
Belmont Shore PAC	458,510	(330,676)	127,834
Total	$8,947,028	$ (8,790,958)	$ 156,070

It is important to know that spread throughout the expenses are almost $3 million in management fees and wages paid to operators and City staff.

Issues

Consolidate Parking Management: We found parking management spread among several departments, which creates redundancies in efforts and has lead to poor financial and operational decisions. The solution is to consolidate these operations. A City-hired consultant recommended consolidation through the creation of an independent parking authority. We agree with the consultant's recommendation to consolidate parking operations; however, we recommend that the consolidated operations be managed within a City department by an individual who is a parking operations expert by trade.

Parking Overflow Plan: The City has not established a formal policy addressing the disposition of overflow traffic pertaining to City facilities. As such, certain traffic has been diverted to non-City parking properties resulting in lost revenue. We recommend the City create an overflow-parking plan that maximizes revenue.

Parking Automation: Expenses for wages and benefits related to parking attendants totaled $1,663,894 during fiscal year 2003. Installation of automated equipment in certain areas would drastically reduce operator expenses, as well as increase revenues in circumstances where customers exit the properties after the parking attendant has left for the evening.

Validation Program: The structure of the City's current validation program effectively provides free parking in City-operated facilities and contributes to significant operational losses for certain properties. We recommend the City create a validation program that recovers an amount of validation revenue that more closely approaches the cost of providing downtown parking.

Free Parking: Several City-owned areas provide free public parking, although they are directly adjacent or in close proximity to City pay parking facilities. We recommend the City implement procedures to eliminate the competing free parking.

Parking Enforcement: During our site visits to the City's parking properties, we consistently noted vehicles in the monthly parking lots without current parking permits, as well as vehicles parked at expired meters. We recommend the City coordinate and implement an aggressive parking ticket and towing program to increase parking citation, towing, and parking revenue to the City, as well as discourage people from violating parking laws.

Revenue and Expense Allocations: Incorrectly allocated revenues and expenses between the City's General Fund, Internal Service Fund, Redevelopment Agency Fund, and Tideland Operating Fund resulted in both an overstatement of expenses and understatement of revenues to the general fund. We recommend the City revise certain allocation methods and pay the General Fund monies to correct past allocation errors.

CityPlace Losses: CityPlace garage revenues were insufficient to meet operating or debt service requirements for fiscal year 2003 and are projected to be insufficient to meet operating and debt service requirements for fiscal year 2004. In conjunction with revising the validation program, we recommend the City consider transferring overflow parking to the CityPlace garages when feasible, closing CityPlace Lot B to transient traffic, and replacing manned exit booths with automated equipment.